

State of Maine Unclaimed Property Holder Seminar



Unclaimed Property National Trends

Michael Gizzi
June 20, 2016



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**Date:**

June 20, 2016

Topic:

Unclaimed
Property National
Trends

Speaker:

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1. United States Savings Bonds
2. Gift Obligations, Stored Value Cards & Other Prefunded Bank Cards (and other prepaid cards)
3. Recognizing the potential for unclaimed property fraud



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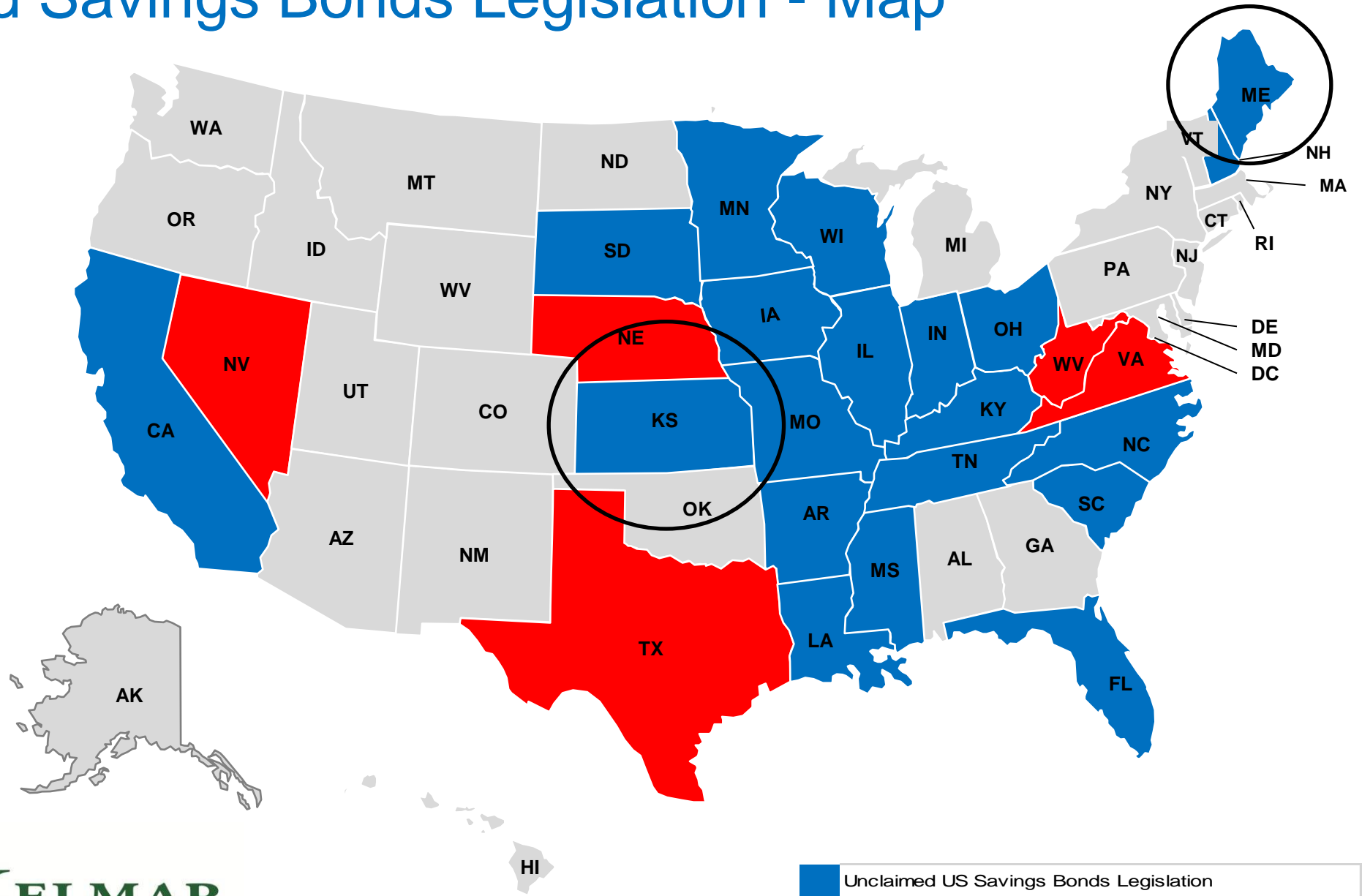
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United States Savings Bonds



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Unclaimed Savings Bonds Legislation - Map



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Unclaimed US Savings Bonds Legislation
Unclaimed US Savings Bonds - Recent Legislation Failed

Ron Estes, Treasurer of State of Kansas v. The United States of America

Title

1. January 28, 1952 - Treasury Bulletin "Escheat Decision"
2. Treasurer of NJ v. U.S. Department of Treasury (3rd Circuit)
3. Treasury website

Bonds
"In Hand"

"Absent"
Bonds



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US savings bonds escheat to the State of Maine

The last known address of the owner of the United States savings bond is in this State; and the United States savings bond has remained unclaimed for 3 years after its date of final maturity.

Includes bonds in the possession of the administrator, and those lost, stolen or destroyed bonds registered to persons with last known addresses in this State - **escheat** to the State 3 years after the bonds are presumed abandoned,

All property rights and legal title to and ownership of the US savings bonds, including all rights, powers and privileges of survivorship of any owner, co-owner or beneficiary, vest solely in the State according to the following procedure.

- * Within 180 days of the bonds being presumed abandoned, if no claim has been filed in accordance with this chapter for the United States savings bonds,
- * If no claim, the administrator shall commence a civil action in the Kennebec County Superior Court or in any other court of competent jurisdiction for a determination that the US savings bonds escheat to the State within 180 days of the bonds being presumed abandoned.
- * The administrator may postpone the bringing of such an action until sufficient United States savings bonds have accumulated in the administrator's custody to justify the expense of such a proceeding.



- * The administrator shall make service by publication of the civil action in accordance with Maine Rules of Civil Procedure
- * If no substantiated claims by claimants and if the court is satisfied that the administrator has substantially complied with the laws of this State, the court shall enter a judgment that the US savings bonds have escheated to the State and all property rights and legal title to and ownership of the United States savings bonds, including all rights, powers and privileges of survivorship of any owner, co-owner or beneficiary, vest solely in the State. If there are no substantiated claims at the hearing, and,
- * The administrator shall redeem the United States savings bonds escheated to the State, recover its costs of collection and recovery and then promptly deposit the remaining balance of the proceeds in the Unclaimed Property Fund
- * The administrator may pay claims and may subtract any expenses and costs incurred by the State in securing full title and ownership of the property by escheat.
- * If payment has been made to a claimant, no action may be maintained by any other claimant or the State or any state officer for or on account of the funds.





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Gift Obligations, Stored Value Cards & Other Prefunded Bank Cards (and prepaid cards)



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Definitions

Gift obligation. “Gift obligation” means an obligation of a business association arising from a transaction between the business association and a consumer to provide goods or services at a future date. This includes, but is not limited to, a gift certificate, gift card, on-line gift account or other representation or evidence of the obligation.

Prefunded bank card. “Prefunded bank card” means a device issued by a financial organization that enables the holder to transfer the underlying funds to multiple merchants at the merchants’ point-of-sale terminals. For purposes of this subsection, “underlying funds” means the funds received by the financial organization that issued the card in exchange for the issuance of the card. A prefunded bank card must provide value from multiple merchants.

Stored-value card. “Stored-value card” means a record evidencing a promise, made for consideration, by the seller or issuer of the record that goods or services will be provided to the owner of the record to the value shown in the record and includes, but is not limited to, a record that contains a microprocessor chip, magnetic stripe or other means for the storage of information, that is prefunded and for which the value is decreased upon each use.



Maine-specific reporting considerations

- * Holders must report 60 percent of the face value or remaining balance
- * No expiration dates
- * Fees disallowed (except upon purchase or recharge)
- * “Single issuers” who issue less than \$250 K annually are not required to report
- * Business must honor Gift Obligations even after remitted to the state as unclaimed property

Card Types

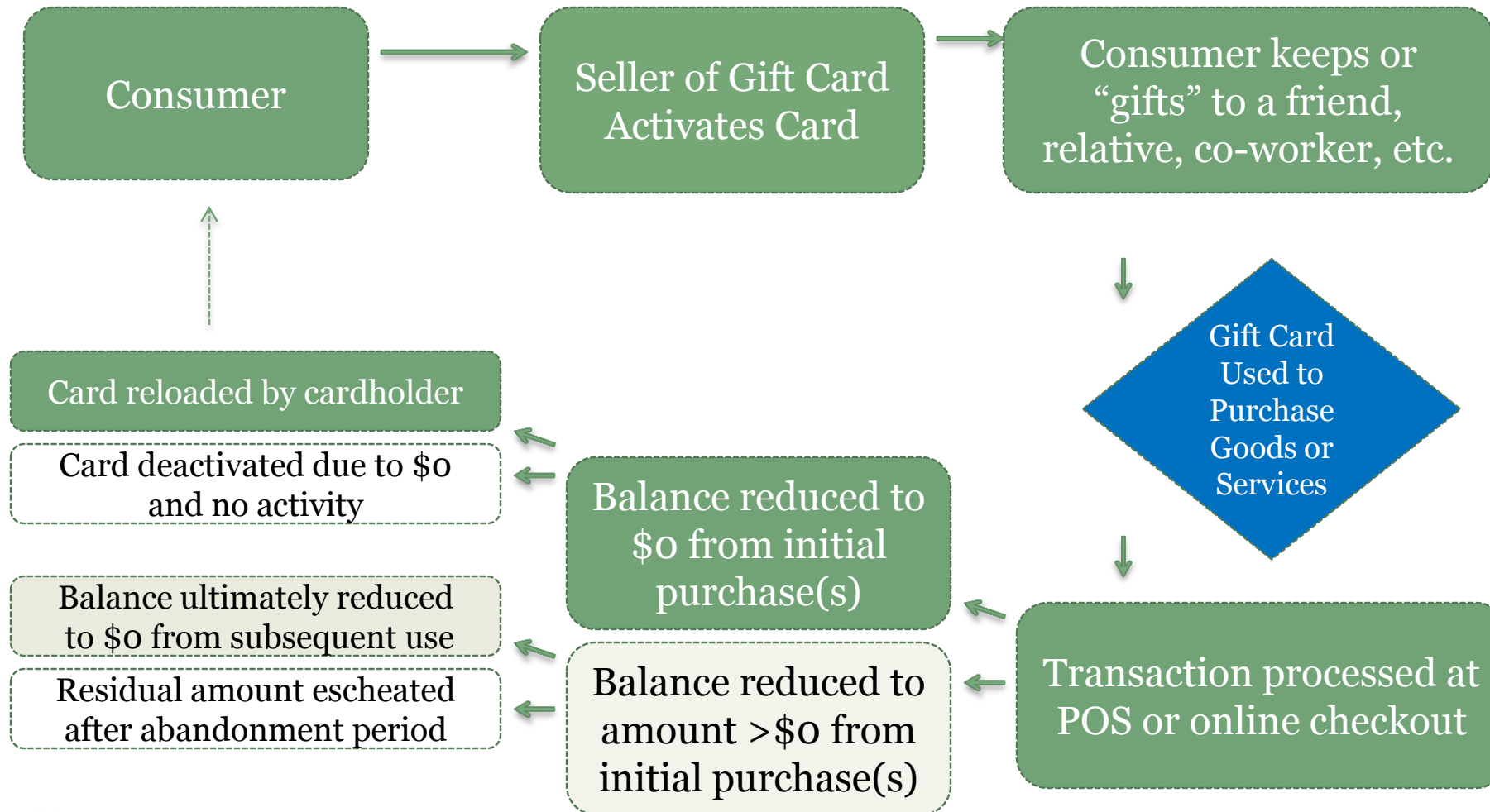
Examples:

Gift Card	Employee reward card
Loyalty reward or incentive card	Rebate card
Payroll card	Healthcare spending card
Gas card	General purpose card
Corporate expense card	Insurance claims card
Government benefit card	Caregiver card



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Understanding the gift obligation transaction



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Recognizing the potential for unclaimed property fraud



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The State, the holders and the public

- * “Examples within state unclaimed property programs
- * Fraud committed by employees of holder’s of unclaimed property
- * Schemes by individual criminals or organized groups

Key elements of fraud



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Fraud recognition & mitigation

- * Contributing factors
- * What makes AUP particularly vulnerable
- * Fraud mitigation best practices



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California

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Colorado

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Delaware

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Massachusetts

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New Jersey

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